

Message Text

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ACTION NEA-10

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R 260500Z JUL 78
FM AMEMBASSY JIDDA
TO USDOC WASHDC
INFO AMCONSUL DHAHRAN
AMEMBASSY ABU DHABI
AMEMBASSY KUWAIT
AMEMBASSY TEHRAN
USINT BAGHDAD
SECSTATE WASHDC 2835

UNCLAS JIDDA 5485

ABU DHABI PASS DUBAI

COMMERCE PASS MARAD

E.O. 11652: N/A
TAGS: BDIS XF, SA
SUBJ: FLEXI VAN CORPORATION NEW YORK VS AL-GOSAIBI SHIPPING CO.,
DAMMAM ET AL.

REF: USDOC 12932 (NOTAL)

1. EMBOFF CONTACTED BOTH SAUDI PARTIES CONCERNING
FLEXI VAN PROBLEM AND DMAMMAM-BASED REP OF PACIFIC
FAR EAST LINE (PFEL), COL. R.J. ELLIS. ALL CONTACTS
UNANIMOUSLY BLAME FLEXI VAN'S PROBLEM ON U.S.- BASED
RECEIVER FOR PFEL, A MR. BENNETT, AND ON A JUDGE KING,
BASED IN SAN FRANCISCO, WHO LOCAL PARTIES STATE HAVE
IGNORED CLAIMS BY SAUDI AGENTS AGAINST PFEL, AND THEY
CONTINUE WHO HAVE ATTEMPTED IMPOSE U.S. LAW IN SAUDI
ARABIA THROUGH U.S. COURT ORDER REQUIRING AGENTS TO
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RELEASE PFEL EQUIPMENT.

2. COL. ELLIS, WHO SAYS HE STILL IS OWNERS REP OF PFEL
IN DAMMAM, STATED FOLLOWING: (A) NO AGENTS IN SAUDI
ARABIA, DUBAI OR KUWAIT ARE AUCTIONING OFF ANY FLEXI VAN
EQUIPMENT; (B) AGENTS IN THESE THREE COUNTRIES HAVE IN
THEIR POSSESSION OR KNOW ITS LOCATION IN HANDS OF

CONSIGNEES ALL PFEL OWNED OR LEASED EQUIPMENT (PRIMARILY CHASSIS), (C) PORT AUTHORITIES IN DAMMAM AND JIDDA HAVE NO FLEXI VAN EQUIPMENT IN THEIR POSSESSION WHICH IS IN DANGER OF BEING AUCTIONED OFF, (D) APPARENTLY IN DUBAI, ACCORDING ELLIS, THERE WAS A QUESTION OF AUCTIONING TWO PIECES OF FLEXI VAN EQUIPMENT BUT LOCAL AGENTS BLOCKED IT AND ARE RETRIEVING THE EQUIPMENT, (E) AL GOSAIBI'S IACC (INTERNATIONAL ASSOCIATION OF CARGO CARRIERS). WHICH ELLIS SAYS IS MID EAST AGENT WITH LARGEST CLAIMS ON PFEL IS IN PROCESS OF SECURING ALL PFEL OWNED OR LEASED EQUIPMENT AND WILL DO NOTHING WITH IT, INCLUDING RETURNING IT TO OWNERS, UNTIL JUDGE KING REPLIES TO AL GOSAIBI CLAIMS ON PFEL, WHICH HAVE BEEN REITERATED THIS WEEK IN PERSON IN SAN FRANCISCO BY GOSAIBI REPRESENTATIVE. SO FAR, NEITHER JUDGE KING NOR PFEL HAS ACKNOWLEDGED GOSAIBI CLAIMS NOR EVEN REPLIED TO GOSAIBI COMMUNICATIONS ON MATTER.

3. AL GOSAIBI REP MUSTAFA AL AHWAL SAID PFEL OWES GOSAIBI OVER TWO MILLION DOLLARS IN VARIOUS FEES. HE SAID TO DATE JUDGE IN PFEL RECEIVERSHIP CASE HAS IGNORED GOSAIBI CLAIMS AND SIMPLY ORDERED U.S. FIRMS SUCH AS FLEXI VAN, WHICH LEASED EQUIPMENT TO PFEL, TO COLLECT EQUIPMENT FROM GOSAIBI. GOSAIBI AT FIRST STARTED TO RETURN TRAILERS TO SOME U.S. LEASING FIRMS BUT THEN DECIDED TO WAIT UNTIL HEARING FROM BANKRUPTCY JUDGE UNCLASSIFIED

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CONCERNING ITS OWN CLAIMS BEFORE GIVING AWAY PFEL ASSETS TO OTHERS. GOSAIBI HAS APPROXIMATELY THIRTY FLEXI VAN TRAILERS ACCORDING TO MUSTAFA.

4. MIDEAST TRADING AGENCIES REP SAMMY JABBOUR STATED THEY CLAIM \$70,000 FROM PFEL IN BANKERS AND AGENCY FEES. JABBOUR STATED U.S. COURT ORDER RELEASING ALL LEASED PFEL EQUIPMENT BACK TO ORIGINAL LESSORS DOES NOT APPLY IN SAUDI ARABIA. NEVERTHELESS, MIDEAST TRADING RELEASED EQUIPMENT TO SOME LEASING FIRMS WHICH IN EARLY 1978 SENT PEOPLE TO JIDDA TO LOCATE AND IDENTIFY THEIR MATERIAL, AND WHICH SETTLED COSTS WITH MIDEAST TRADING. JABBOUR IS NOT RELEASING ANY MORE EQUIPMENT UNTIL PFEL SETTLES ITS DEBT WITH HIM. JABBOUR SAID THERE IS NO FLEXI VAN EQUIPMENT IN JIDDA PORT TO HIS KNOWLEDGE; JABBOUR INCURRED ADDITIONAL EXPENSES IN MOVING 100 FLEXI VAN (OR PFEL) TRAILERS AT PORT AUTHORITY REQUEST TO HIS OWN STORAGE AGEA. FURTHER THERE HAS BEEN PILFERAGE OF SOME TRAILERS WHICH HAVE SAT IN PORT FOR MONTHS UNATTENDED.

5. COL ELLIS ADDED COMMENT THAT USG MARITIME ADMINIS-

TRATION SHOULD HAVE INTEREST IN SPEEDING UP ACTION BY
PFEL BANKRUPTCY JUDGE BECAUSE OF FACT THAT 33 LASH
BARGES, FINANCED BY MARAD BUT OWNED BY PFEL HAVE BEEN TIED UP AT
DAMMAM PORT FOR 18 MONTHS INCURRING \$10,000 DAILY DEMURRAGE
FEES SINCE APRIL 1978. IN ELLIS' VIEW, THIS AMOUNTS TO
U.S. TAXPAYERS MONEY GOING TO WASTE WHILE PFEL RECEIVERSHIP
CASE HANGS FIRE.

6. COMMENT: FLEXI VAN WILL HAVE TO SEND REP HERE EVEN-
TUALLY TO RECOVER ITS OWN EQUIPMENT, BUT BEFORE
DOING SO IT SHOULD BE CERTAIN THAT LOCAL AGENTS
ARE SATISFIED WITH STATUS OF THEIR OWN CLAIMS AGAINST
PFEL.

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